

12740
RECORDATION NO. _____ Filed 1428

JAN 12 1981 -11 25 AM
INTERSTATE COMMERCE COMMISSION

No. 1-0124946
Date JAN 12 1981 December 23, 1980
Fee \$ 50.00
ICC Washington, D. C.

REGISTERED MAIL

Secretary of the Interstate
Commerce Commission
12th and Constitution Avenue Northwest
Washington, D.C. 20423

Dear Sir:

Enclosed are three (3) original counterparts of a security agreement covering railway equipment which you are hereby requested to record, pursuant to 49 CFR Part 1116, under the name of TrusFive Incorporated. Also enclosed is a check in the amount of \$50.00 to pay the recordation fee. The original document when filed should be returned to:

William J. Hayes
Bracewell & Patterson
2900 South Tower Pennzoil Place
Houston, Texas 77002

(1) The name and address of the Mortgagee (Secured Party) is:

First City National Bank of Houston
1001 Main Street
Houston, Texas 77002

(2) The name and address of the Mortgagor (Debtor) is:

TrusFive Incorporated
P. O. Box 13197
Houston, Texas 77019
Attn: Sam P. Douglass

(3) The property covered by such security agreement includes railway equipment described as follows:

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<u>Number</u>	<u>Type of Car</u>	<u>Serial Numbers</u>
10	34,000 gallon, general purpose, pressure tank cars, DOT 105A300W.	GLNX 34144 GLNX 34145 GLNX 34146 GLNX 34147 GLNX 34148 GLNX 34149 GLNX 34150 GLNX 34151 GLNX 34152 & GLNX 34153
2	23,500 gallon, general purpose non-pressure tank cars, DOT 111A100W3, exterior coiled and insulated.	GLNX 23113 & GLNX 23114
5	4,750 Cubic foot, covered hoppers, type "LO" cars; three compartments; mechanical gates.	GLNX 415 GLNX 416 GLNX 417 GLNX 418 & GLNX 419 Serial

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<u>Number</u>	<u>Type of Car</u>	<u>Numbers</u>
30	23,500 gallon, general purpose non-pressure tank cars, DOT 111A100W3, exterior coiled and insulated.	GLNX 23184 through GLNX 23193, inclusive; GLNX 23195 through GLNX 23198, inclusive; GLNX 23238 through GLNX 23242, inclusive; GLNX 23245 through GLNX 23248, inclusive; GLNX 23209; GLNX 23215; GLNX 23216; GLNX 23217; GLNX 23221; GLNX 23232; and GLNX 23236

If you have any questions regarding this matter, or if you
need further information, please call William J. Hayes at
(713) 223-2900.

Very truly yours,

FIRST CITY NATIONAL BANK
OF HOUSTON

By


Dennis H. Baker
Vice President

Interstate Commerce Commission
Washington, D.C. 20423

1/13/81

OFFICE OF THE SECRETARY

William J Hayes
Bracewell & Patterson
2900 South Tower Pennzoil Place
Houston, Texas 77002

Dear **Sir:**

The enclosed document(s) was recorded pursuant to the provisions of Section 11303 of the Interstate Commerce Act, 49 U.S.C. 11303, on **1/12/81** at **11:25am**, and assigned re-
recording number(s). **12740 & 12741**

Sincerely yours,

Agatha L. Mergenovich
Agatha L. Mergenovich
Secretary

Enclosure(s)

JAN 12 1981 -11 25 AM

SECURITY AGREEMENT

INTERSTATE COMMERCE COMMISSION

Section I. Collateral and Obligations.

To secure the performance and payment of all obligations and indebtedness of TrusFive Incorporated, a Texas corporation ("Borrower") to First City National Bank of Houston ("Bank"), 1001 Main Street, Houston, Harris County, Texas 77002, of whatever kind or however created or incurred, whether incurred directly or acquired from third parties, whether resulting from or evidenced by notes, guaranty or other agreements, overdrafts, letters of credit, letter of credit agreements or otherwise and whether now or hereafter existing, including, without limitation, obligations and indebtedness resulting from or arising in connection with the letter of credit in the maximum amount of \$2,742,193.74 dated December 23, 1980 issued by Bank on request of Borrower naming Aetna Life Insurance Company as beneficiary ("Letter of Credit") and/or the related commercial letter of credit agreement dated December 23, 1980 ("L/C Agreement"), Borrower hereby grants to Bank a security interest in the property hereinafter described and all proceeds, products, distributions, payments, profits, increases, substitutions, replacements, renewals, additions, amendments and accessions thereof, thereto, therefrom or therefor, including any stock, rights to subscribe, liquidating dividends or other dividends, assets or rights, which Borrower may hereafter become entitled to receive on account of securities pledged hereunder (all such property, proceeds, products, distributions, payments, profits, increases, substitutions, replacements, renewals, additions, amendments and accessions are hereinafter collectively called "Collateral"):

- (1) Forty-seven (47) railroad cars more fully described on Exhibit "A" attached hereto ("Cars");
- (2) All right, title and interest now owned or hereafter acquired by Borrower in and to that certain Management Agreement dated as of November 15, 1979, between GLNX Corporation, a Texas corporation ("Glenco"), and Borrower ("First Management Agreement");
- (3) All right, title and interest now owned or hereafter acquired by Borrower in and to that certain Management Agreement dated as of May 15, 1980, between Glenco and Borrower ("Second Management Agreement");

- (4) All right, title and interest now owned or hereafter acquired by Borrower in and to all now or hereafter existing leases of any of the Cars ("Leases");
- (5) All right, title and interest now owned or hereafter acquired by Borrower in that certain Tax Sharing Agreement by and between Borrower and Summit Resources Corporation, a Delaware corporation ("Summit"), dated as of January 4, 1980 ("Tax Sharing Agreement"); and
- (6) Each Bank Collateral Account (as hereinafter defined) and each Additional Collateral Account (as hereinafter defined).

Section II. Payment Obligations of Borrower.

Borrower shall pay to Bank when due any amount which may be due from Borrower to Bank. Borrower shall account fully and faithfully to Bank for all distributions, payments, profits and proceeds of or from the Collateral and shall upon demand pay or turn over promptly in money, instruments, drafts, assigned accounts or chattel paper all such distributions, payments, profits and proceeds to be applied to the obligations and indebtedness secured hereby, whether or not due and payable, in such order as Bank may elect, subject, if other than cash, to final payment or collection.

Section III. Borrower's Representations, Warranties and Agreements.

Borrower represents, warrants and agrees that:

1. All written information supplied and written statements made at any time (whether prior to, contemporaneously with or following the execution hereof) to Bank in connection with any obligation or indebtedness hereby secured or by or on behalf of Borrower in any financial, credit, accounting or other statement or certificate or application for credit are and shall be true, correct, complete, valid and genuine. Borrower shall keep accurate and complete records of the Collateral, shall give Bank or its representatives access to such records at all times and shall provide such other information concerning the Borrower and the Collateral as the Bank may require. The address of Borrower's place of business, residence, chief executive

office and office where Borrower keeps its records concerning its accounts, contract rights and general intangibles is set forth beside Borrower's signature hereon. Borrower shall immediately notify Bank of any discontinuance of or change in such address, any change in the location of its place of business, residence, chief executive office or office where it keeps such records, and any change in its name.

2. No certificate of title, financing statement, filing with the Interstate Commerce Commission ("ICC"), the Association of American Railroads, the Department of Transportation or other government or industry authority or other filing or document showing any lien on or security interest in the Collateral except that of Bank is or will be outstanding or on file at any time. Borrower has good and marketable title to the Collateral, subject only to the security interests of Bank and subject to no other security or other interest, lien, encumbrance or restriction whatsoever. Attached as Exhibits "B" and "C" to the Security Agreement dated January 4, 1980 executed by Borrower in favor of the Bank securing (among other obligations and indebtedness) a promissory note dated January 4, 1980, executed by Borrower in the maximum principal amount of \$800,000 payable to Bank ("First Security Agreement") are true and correct copies of the First Management Agreement and Tax Sharing Agreement, respectively, which are currently in full force and effect in the forms set forth in such Exhibits. Attached as Exhibit "B" to the Security Agreement dated June 26, 1980 executed by Borrower in favor of the Bank securing (among other obligations and indebtedness) a promissory note dated June 26, 1980 executed by Borrower in the maximum principal amount of \$1,647,000 payable to Bank ("Second Security Agreement") is a true and correct copy of the Second Management Agreement, which is currently in full force and effect in the form set forth in such Exhibit. The Borrower will not permit to occur any amendment, other modification or termination of the First Management Agreement, the Second Management Agreement or the Tax Sharing Agreement and will otherwise keep the First Management Agreement, the Second Management Agreement and the Tax Sharing Agreement in full force and effect. The right, title and interest now owned by Borrower in the First Management Agreement and the Second Management Agreement is at least all rights, titles and interests of the "Owner" therein referred to, subject to no security or other interest, lien, encumbrance or restriction whatsoever. The right, title and interest now owned by Borrower in the Tax Sharing Agreement is at least all rights,

titles and interests of the "Affiliate" therein referred to, subject to no security or other interest, lien, encumbrance or restriction whatsoever. Borrower has full power and lawful authority to sell and assign the Collateral and to grant to Bank a first and prior security interest therein as herein provided, and Borrower will defend the Collateral against the claims and demands of all third persons. Borrower will not grant any security interest in or lien on or otherwise transfer, dispose of, encumber or restrict the transferability of any right, title or interest now owned or hereafter acquired by Borrower in or to any Lease, the Tax Sharing Agreement, the First Management Agreement or the Second Management Agreement, except for security interests granted to Bank. The Collateral (i) is genuine, free from default, prepayment or defenses and all persons appearing to be obligated thereon are bound thereon as they appear to be from the face thereof; and (ii) complies with applicable laws. The description of the Cars contained on Exhibit "A" hereto is an accurate description of the type of railway equipment that the Cars constitute, the A.A.R. mechanical designation, if any, of the Cars, all identifying marks on the Cars and the serial numbers of the Cars, sufficient in all respects to comply with the requirements of 49 CFR §1116.4(c).

3. Within ten (10) days of its receipt thereof, Borrower will deliver to Bank all information, notices, documents and other items delivered to Borrower by or through Glenco. The Borrower has delivered to the Bank its balance sheet dated as of September 30, 1980. Such balance sheet is true and correct in all respects, has been prepared in accordance with generally accepted accounting principles consistently applied and fairly presents the financial condition of the Borrower as of the date thereof. No material adverse change in the condition, financial or otherwise, of the Borrower has occurred since such date, and there are no material unrealized or anticipated losses with respect to the Borrower not reflected by such balance sheet. Borrower will deliver to the Bank during January of each year following 1980, an unqualified audit report as of and for the year ended September 30 of the immediately preceding year with respect to the Borrower prepared by independent certified public accountants acceptable to the Bank, including the balance sheet of the Borrower as of September 30 of such immediately preceding year, the statement of income and retained earnings of the Borrower for the twelve month period ending on September 30 of such immediately preceding year and the statement of changes in financial position and

stockholders' equity of the Borrower for such period, all prepared in accordance with generally accepted accounting principles consistently applied; provided, however, that, the statement of income and retained earnings and the statement of changes in financial position to be delivered on or before January 31, 1981, need not be for the twelve month period ending September 30, 1980, and may instead be for the period from the commencement of operations of the Borrower through September 30, 1980.

4. Within thirty (30) days of written request by Bank to Borrower, Borrower will, at its cost and expense, cause to be plainly, distinctly, permanently and conspicuously placed, fastened or painted upon each side of each Car a legend bearing the following words (and/or such other words as may be requested by Bank) in letters not less than one inch in height:

"FIRST CITY NATIONAL BANK OF HOUSTON,
HOUSTON, TEXAS, IS THE HOLDER OF A VALID
SECURITY INTEREST OF FIRST PRIORITY
ON THIS CAR."

5. Borrower will take all necessary steps to preserve the liability of account debtors (including, without limitation, Glenco, Summit and any lessee under any Lease), obligors and secondary parties whose obligations are a part of the Collateral. Bank's duty with reference to the Collateral in Bank's actual possession shall be solely to use reasonable care in the physical preservation of such Collateral. Bank shall not be responsible in any way for any depreciation in the value of the Collateral, nor shall any duty or responsibility whatsoever rest upon Bank to take necessary steps to preserve rights against prior parties. Protest and all demands and notices of any action taken by Bank under this Security Agreement, or in connection with any Collateral, except as otherwise provided in this Security Agreement, are hereby waived, and any indulgence of Bank, substitution for, exchange or release of any person liable on the Collateral is hereby assented and consented to. Bank may inspect at any time the Collateral and Borrower's books and records pertaining to the Collateral. Borrower shall assist Bank in making any such inspection. The Cars will not at any time be located in any country other than the United States, Canada and Mexico. The Collateral will not be misused, wasted or allowed to deteriorate, except for the ordinary wear and tear in connection

with its intended primary use, and will not be used in violation of any statute, regulation or ordinance. Borrower will keep the Cars in good working condition and will pursue with reasonable diligence all repairs and/or modifications necessary to keep the Cars in good working condition. The Collateral will not be affixed to any real estate or other goods so as to become fixtures or accessions.

6. Borrower will maintain at all times (i) all risks insurance with respect to all Cars covering physical loss or damage in the amount specified on Exhibit "A" hereto for each Car, with a deductible of not more than \$5,000 per occurrence; (ii) liability insurance of at least \$500,000 per occurrence, with a deductible of not more than \$5,000 per occurrence; (iii) umbrella-type insurance coverage in an amount not less than \$20,000,000; and (iv) such other insurance as Bank may reasonably request from time to time. Borrower shall furnish Bank with certificates or other evidence of insurance required hereby. No such insurance shall be payable to any person other than Bank, Borrower or Glenco. Bank may act as attorney for Borrower in settling any claim in connection with such insurance and endorsing any draft drawn by any insurer of the Collateral. If any insurance required hereby expires or otherwise is not in full force and effect at any time and Borrower fails to obtain replacement insurance, Bank may, but need not, obtain replacement insurance (which may, at Bank's option, cover only the interest of Bank) pay the premiums therefor, add the amount of such premiums to the indebtedness secured hereby and, to the extent permitted by law, charge interest thereon at the same rate of interest as is provided in the L/C Agreement. Borrower agrees to reimburse Bank on demand for the amount of such premiums and such interest. Policies evidencing any property insurance required hereby shall contain a standard mortgagee's endorsement providing for payment of any loss to Bank and shall provide for a minimum of ten (10) days prior written notice to Bank of any cancellation. Bank may take control of proceeds of insurance and shall have the right to deposit such proceeds which may be received by it in any Bank Collateral Account established pursuant to paragraph 5 of Section VI hereof, and if an Event of Default exists Bank shall have the right to either, at Bank's option, apply any such proceeds of insurance which may be received by it in payment on account of the obligations and indebtedness secured hereby, in such order as it elects, whether or not due and payable, or deposit such proceeds in any Bank Collateral Account established pursuant to paragraph 5 of Section VI hereof, or both.

7. Except for (i) the lease from time to time in the ordinary course of business of the Cars pursuant to Leases in which the Bank has a valid and perfected security interest of first priority, (ii) restrictions on the Cars as provided in the First Management Agreement and the Second Management Agreement, and (iii) liens for taxes not yet due or payable and mechanic's, carrier's, workman's or repairman's liens arising in the ordinary course of the Borrower's business securing obligations which are not yet due or payable (provided, however, that the aggregate of all amounts secured by any liens permitted by this Clause (iii) shall not at any time exceed \$6,000 per Car not released from the coverage of this Security Agreement prior to such time), none of the Collateral will be sold, leased, rented or otherwise transferred, encumbered or disposed of or be subjected to any unpaid charge, including rent and taxes, or to any other interest of any person (other than the Bank), whether existing with or without the consent of the Borrower, and the transferability of the Collateral will not be restricted except as provided by this Security Agreement. Borrower will do, make, procure, execute and deliver all acts, things, writings and assurances as Bank may at any time request to perfect, protect, assure or enforce Bank's interest, rights and remedies created by or arising in connection with this Security Agreement, including, without limitation, the execution of financing statements, applications for certificates of title, filings with the ICC or any other authority and like documents. Without limiting the generality of the foregoing, the Borrower will within ten (10) days of demand by Bank provide such documents, instruments, agreements and other writings satisfactory in all respects to the Bank as may be requested by Bank and take such other actions as may be requested by Bank in order to create, protect, perfect and assure under all laws (including, without limitation, the laws of Canada and Mexico and of all states, provinces and other jurisdictions therein) a valid and perfected lien, mortgage and security interest of first priority in favor of Bank enforceable against all persons whatsoever (including, without limitation, a bankruptcy trustee or similar person) in all Collateral securing all indebtedness and obligations of Borrower to Bank as more fully described in Section I hereof. In the event the Borrower fails or is unable to comply with the provisions of the immediately preceding sentence as to any Car, the Borrower shall within ten (10) days of such demand pay to the Bank an amount equal to the Prepayment Amount as to such Car, and Bank shall have the right to deposit such amount in any Bank Collateral Account established pursuant to paragraph 5 of Section VI hereof, and if an Event of Default

exists, Bank shall have the right to either, at Bank's option, apply all or any portion of such amount in payment on account of the obligations and indebtedness secured hereby, in such order as it elects, whether or not due and payable, or deposit all or any portion of such amount in any Bank Collateral Account established pursuant to paragraph 5 of Section VI hereof, or both. All actions taken by or required to be taken by Borrower in connection with this Security Agreement shall be at Borrower's expense. Additionally, Borrower agrees to reimburse Bank for reasonable attorneys' fees incurred by Bank in connection with the preparation of this Security Agreement, the Letter of Credit, the L/C Agreement and the other documents executed in connection herewith. Without notice or demand from Bank, Borrower agrees to deliver to Bank all certificates of title pertaining to Collateral as to which a certificate of title has been or may be issued.

8. Borrower shall deliver during the last month of each fiscal year of the Borrower a certificate signed by the president or the chief financial officer of the Borrower certifying that the sum of (a) the amounts estimated to be actually paid to Borrower during the next following fiscal year of the Borrower under the Tax Sharing Agreement and (b) the estimated gross proceeds to the Borrower during the next following fiscal year of the Borrower from (i) Leases in effect on the date of such certificate in which the Bank has a valid and perfected security interest of first priority and (ii) Leases which the Borrower in good faith believes will be in effect during such next following fiscal year and in which the Bank will have a valid and perfected security interest of first priority ("Estimated Gross Proceeds") will equal or exceed the Minimum Proceeds Amount for such next following fiscal year and showing in reasonable detail the computations supporting such certification. Borrower will deliver within thirty (30) days following the end of each fiscal year of the Borrower a certificate signed by the president or the chief financial officer of the Borrower certifying that the sum of (a) the actual gross proceeds received during such fiscal year of the Borrower from Leases in which the Bank had at all times during such fiscal year a valid and perfected security interest of first priority plus (b) the amounts actually received by the Borrower during such fiscal year under the Tax Sharing Agreement ("Actual Gross Proceeds") were equal to or in excess of the Minimum Proceeds Amount for such fiscal year. The fiscal year of the Borrower ends on, and will continue to end on, September 30.

9. The execution, delivery and performance of this Security Agreement, the Letter of Credit, the L/C Agreement, the financing statement executed by the Borrower in connection with the First Security Agreement, the financing statement executed in connection with the Second Security Agreement, the letter agreement among Borrower, Bank and Glenco dated December 23, 1980 ("Glenco Letter Agreement"), the letter agreement among Borrower, Bank and Summit dated December 23, 1980 ("Summit Letter Agreement"), the First Management Agreement, the Second Management Agreement and the Tax Sharing Agreement (collectively, the "Loan Documents") are within Borrower's power and authority and are not in contravention of law or any indenture, agreement or undertaking to which Borrower is a party or by which Borrower is bound. Borrower is validly organized, existing and in good standing under the laws of Texas, is duly qualified to transact business in Texas and in each other jurisdiction in which such qualification is necessary and is duly authorized to execute, deliver and perform all of the Loan Documents. The Loan Documents have been duly authorized, executed and delivered by the Borrower and constitute legal, valid and binding obligations of the Borrower enforceable against the Borrower in accordance with their respective terms. The Glenco Letter Agreement, the First Management Agreement and the Second Management Agreement have been duly authorized, executed and delivered by Glenco and constitute legal, valid and binding obligations of Glenco enforceable against Glenco in accordance with their respective terms. The Tax Sharing Agreement and the Summit Letter Agreement have been duly authorized, executed and delivered by Summit and constitute legal, valid and binding obligations of Summit enforceable against Summit in accordance with their respective terms. Borrower is not required to obtain any consent, approval or authorization of, or to make any registration, declaration or filing with, any government or government entity as a condition precedent to the valid execution and delivery of any of the Loan Documents.

10. In the event of total loss of any of the Cars, Borrower shall within one hundred eighty (180) days of such loss pay to the Bank an amount equal to the Prepayment Amount as to such Car, and Bank may, at Bank's option, apply all or any portion of such amount in payment on account of the obligations and indebtedness secured hereby, in such order as it elects, whether or not due and payable, or deposit all or any portion of such amount in any Bank Collateral Account established pursuant to paragraph 5 of Section VI hereof, or both.

11. The Borrower will maintain its corporate existence and its right to do business in Texas and all other jurisdictions in which the nature of its business or property requires it to be qualified. The Borrower will not merge with or into or consolidate with any person or sell all, or substantially all, of its property and assets to any person or purchase or otherwise acquire all, or substantially all, of the property and assets of any other person.

12. Borrower agrees that in performing any act under this Security Agreement, the L/C Agreement and any note, guaranty agreement or other obligations secured hereby, time shall be of the essence and Bank's acceptance of partial or delinquent payments, or failure of Bank to exercise any right or remedy, shall not be a waiver of any obligation of Borrower or right of Bank or constitute a waiver of any other similar default subsequently occurring.

13. In the event that Bank receives any amount which constitutes Collateral from or through Glenco or Summit, Bank shall have the right to deposit such amount in any Bank Collateral Account established pursuant to paragraph 5 of Section VI hereof, and if an Event of Default exists, Bank shall have the right to either, at Bank's option, apply all or any portion of such amount in payment on account of the obligations and indebtedness secured hereby, in such order as it elects, whether or not due and payable, or deposit all or any portion of such amount in any Bank Collateral Account established pursuant to paragraph 5 of Section VI hereof, or both.

Section IV. Rights of Bank.

1. Bank may, in its discretion before or after default: (i) bring any action at law or in equity to protect its interest in the Collateral or to obtain damages for or to prevent deterioration or destruction of the Collateral other than ordinary wear and tear in connection with its intended primary use; (ii) transfer or register any of the Collateral in the name of Bank or its nominee and, whether or not so transferred or registered, exercise any or all voting rights appertaining to any of the Collateral, and receive any income, property, rights or dividends on account thereof, including cash and stock dividends, liquidating dividends and rights to subscribe; and (iii) take control of proceeds of any Bank Collateral Account and/or any Additional Collateral Account and use such proceeds to reduce any part of the obligations secured hereby, in such order as it.

elects, whether or not due and payable. Bank may, in its discretion, after the occurrence of an Event of Default (as defined herein) and at any time during the continuance thereof: (i) terminate, on notice to Borrower, Borrower's authority to sell, lease, otherwise transfer, manufacture, process or assemble or furnish under contracts of service, inventory Collateral or any other Collateral as to which such authority has been given; (ii) notify any account debtor (including, without limitation, Glenco, Summit and any lessee under any Lease) or obligors on instruments to make payments directly to Bank; (iii) contact account debtors (including, without limitation, Glenco, Summit and any lessee under any Lease) or obligors on instruments directly to verify information furnished by Borrower; (iv) take control of proceeds of any Bank Collateral Account and/or any Additional Collateral Account and use such proceeds to reduce any part of the indebtedness or obligations secured hereby, in such order as it elects, whether or not due and payable (but nothing herein shall be construed as limiting the rights of Bank to take control of and apply proceeds of insurance, whether or not an Event of Default has occurred, as provided in Paragraph 6 of Section III hereof); and (v) make demand for payment of, file suit on, make any compromise or settlement with respect to, collect, compromise, endorse or otherwise deal with the Collateral in its own name or the name of the Borrower.

2. At its option, Bank may make payments to discharge taxes, liens or security interests or other encumbrances at any time levied or placed on the Collateral and take any other action necessary to obtain, preserve, and enforce the security interest and the rights and remedies granted in this Security Agreement and maintain and preserve the Collateral. Such payments and any other expenses incurred by Bank in taking such action shall, to the extent permitted by law, bear interest at a rate per annum equal to one percent (1%) above the prime commercial loan rate charged by Bank from time to time for loans with maturity not exceeding ninety (90) days to its largest and most creditworthy corporate borrowers; provided, however, that such rate per annum shall not exceed the maximum nonusurious interest rate permitted by applicable law. Borrower agrees to reimburse Bank for such payments and other expenses and such interest on demand.

3. Upon the occurrence of an Event of Default, and at any time thereafter, Bank may declare all obligations and indebtedness secured hereby immediately due and payable, without notice of any kind, and (whether or not any such

obligation or indebtedness has been declared or become due and payable, whether or not any amount has been drawn under the Letter of Credit and whether or not at the time there is outstanding any indebtedness or obligation secured hereby) shall have the rights and remedies of a secured party under the Uniform Commercial Code of Texas including, without limitation, the right to sell, lease or otherwise dispose of any or all of the Collateral in any manner allowed by such Uniform Commercial Code. Bank may require Borrower to assemble the Collateral and make it available to Bank at a place to be designated which is reasonably convenient for both parties; and Bank shall have the right to take possession, with or without prior notice to Borrower, of all or any part of the Collateral or any security therefor and of all books, records, papers and documents of Borrower or in Borrower's possession or control relating to the Collateral and may enter upon any premises upon which any of the Collateral or any security therefor or any of such books, records, papers or documents are situated and remove the same therefrom without any liability for trespass or damages thereby occasioned. Unless the Collateral is perishable or threatens to decline speedily in value or is of a type customarily sold on a recognized market, Bank will send Borrower reasonable notice of the time and place of any public sale or other disposition thereof or of the time after which any private sale or other disposition thereof is to be made. The requirement of sending reasonable notice shall be met if such notice is deposited in the U.S. Mail, postage prepaid, addressed to Borrower at the address shown beside the Borrower's signature hereon at least ten (10) days before the time of the sale or disposition. Borrower shall be liable for all expenses, including without limitation, reasonable attorneys' fees and court costs, actually incurred by Bank in repossessing, storing, preparing for sale, lease or other disposition, or selling, leasing or otherwise disposing of the Collateral. Bank may, at Bank's option, apply all or any portion of any amount received in connection with any sale or other disposition of any Collateral in payment on account of such expenses and other obligations and indebtedness secured hereby, in such order as it elects, whether or not due and payable, or deposit all or any portion of such amount in any Bank Collateral Account established pursuant to paragraph 5 of Section VI hereof, or both. The Collateral may be sold, leased or otherwise disposed of as an entirety or in such parcels as Bank may elect, and it shall not be necessary for Bank to have actual possession of the Collateral or to have it present when the sale, lease or other disposition is made. Bank may deliver

to the purchasers or transferees of the Collateral a Bill of Sale or Transfer, binding Borrower forever to warrant and defend title to such Collateral.

4. Bank may remedy any default and may waive any default without waiving the requirement that the default be remedied and without waiving any other default. The remedies of Bank are cumulative, and the exercise or partial exercise of any one or more of the remedies provided for herein shall not be construed as a waiver of any of the other remedies of Bank. No delay of Bank in exercising any power or right shall operate as a waiver thereof.

5. This Security Agreement, Bank's rights hereunder and the indebtedness and obligations hereby secured may be assigned from time to time, and in any such case the assignee shall be entitled, from and after the date on which notice of such assignment is given to Borrower, to all of the rights, privileges and remedies granted in this Security Agreement to Bank.

6. Bank may execute, sign, endorse, transfer or deliver in its own name or in the name of Borrower, notes, checks, drafts or other instruments for the payment of money and receipts, certificates of origin, applications for certificates of title or any other documents necessary to evidence, perfect or realize upon the security interest and obligations created by this Security Agreement.

Section V. Events of Default.

Borrower shall be in default under this Security Agreement upon the happening of any of the following events or conditions (herein called an "Event of Default"):

1. Failure of Borrower, Glenco, Summit or any endorser, guarantor, surety, accommodation party or other person liable upon or for payment of any indebtedness or obligation secured by this Security Agreement (Glenco, Summit and each such endorser, guarantor, surety, accommodation party, and other such person that is so liable are each hereinafter called an "Other Liable Party") to pay punctually when due any indebtedness due to Bank or to perform punctually any other obligation, covenant, term or provision contained in or referred to in this Security Agreement, the L/C Agreement, any note or other agreement secured hereby, the First Management Agreement, the Second Management Agreement, the Tax Sharing Agreement, the Summit Letter Agreement, the Glenco

Letter Agreement, any of the other Loan Documents or any other agreement executed in connection with this Security Agreement or any obligation or indebtedness secured hereby; provided, however, that failure to comply with any affirmative covenant herein contained, except the covenants provided in paragraph 6 of Section III hereof, shall not constitute an Event of Default if cured within ten (10) days following notice of such failure given by the Bank to the Borrower;

2. Any warranty, representation or statement contained in this Security Agreement or made or furnished to Bank by or on behalf of Borrower or any Other Liable Party proves to have been false in any respect when made or furnished;

3. Any loss, theft, damage or destruction of any of the Cars occurs (other than (i) any loss, theft, damage or destruction to any Car if within one hundred eighty (180) days of such loss, theft, damage or destruction either (a) such Car is returned to service in good condition, or (b) the Borrower pays to the Bank for deposit in any Bank Collateral Account established pursuant to paragraph 5 of Section VI hereof an amount equal to the Prepayment Amount for such Car, and (ii) any total loss of any Car as to which the Prepayment Amount required by paragraph 10 of Section III hereof is made when required);

4. Any unauthorized sale or other transfer of any of the Collateral occurs or the Collateral is subjected to any lien or encumbrance including, without limitation, any storage, artisan's, mechanic's or landlord's lien or any levy, seizure or attachment, except for the liens expressly permitted by paragraph 7 of Section III hereof;

5. Death, dissolution, termination of existence, insolvency or business failure of Borrower or any Other Liable Party occurs, or a receiver or custodian of all or any part of the property of Borrower or any Other Liable Party is appointed or an assignment is made for the benefit of the creditors of Borrower or any Other Liable Party is called or any proceeding under any bankruptcy or insolvency laws by or against Borrower or any Other Liable Party is commenced, unless, in the case of any such proceeding filed against, and without the consent of, the Borrower or any Other Liable Party, such proceeding is dismissed within thirty (30) days;

6. Any event occurs which results in the acceleration of the maturity of the indebtedness of Borrower or any Other Liable Party (other than Glenco or Summit) to others under any indenture, agreement or undertaking;

7. The Actual Gross Proceeds during any fiscal year of the Borrower is less than the Minimum Proceeds Amount for such fiscal year, unless the Bank, in its sole discretion, agrees within forty-five days of the end of such fiscal year to deem acceptable a lesser amount of Actual Gross Proceeds; or

8. The Borrower or any Other Liable Party fails to comply with any provision of any agreement (other than the Loan Documents) with or obligation to the Bank or there occurs any default or "Event of Default" thereunder.

Section VI. Additional Agreements.

1. "Bank" and "Borrower" as used in this Security Agreement include the successors, representatives, receivers, trustees and assigns of those parties. Unless the context otherwise requires, terms used in this Security Agreement which are defined in the Uniform Commercial Code of Texas are used with the meanings as therein defined. The division of this Security Agreement into sections and subsections has been made for convenience only and shall be given no substantive meaning or significance whatever in construing the terms and provisions of this Security Agreement. The law governing this secured transaction shall be that of the State of Texas.

2. If any provision of this Security Agreement is rendered or declared invalid, illegal or ineffective by reason of any existing or subsequently enacted legislation or by decree of a court of competent jurisdiction, such legislation or decree shall not impair, invalidate or nullify the remainder of the Security Agreement which shall remain in full force and effect.

3. Any notice or demand to Borrower hereunder or in connection herewith may be given and shall conclusively be deemed and considered to have been given and received upon the deposit thereof, in writing, duly stamped and addressed to Borrower at the address set forth below, in the U.S. Mail; but actual notice, however given or received, shall always be effective. Borrower has previously granted a security interest to the Bank in the Collateral. This Security Agreement and the security interests granted herein

are in addition to and cumulative of all other security agreements and security interests now or hereafter existing in favor of the Bank. This Security Agreement and the security interests granted herein do not limit or impair, and are not limited or impaired by any other security agreement or security interest now or hereafter existing in favor of the Bank.

4. As used herein, the term "Prepayment Amount" as to any Car shall mean an amount equal to the quotient obtained by dividing (i) the product obtained by multiplying (a) the sum of the amount drawn at or prior to the time the Bank actually receives in Proper Funds the Prepayment Amount as to such Car under the Letter of Credit plus the maximum remaining amount of the Letter of Credit at such time (such sum being herein referred to as the "Letter of Credit Amount"), times (b) the Original Cost of such Car, times (c) either (I) .88, in the case of the Cars shown on Exhibit "A" hereto as "First Cars" or (II) .99, in the case of the Cars shown on Exhibit "A" hereto as "Second Cars"; by (ii) the amount by which (x) the original maximum amount of the Letter of Credit on the date the Letter of Credit was issued exceeds (y) the aggregate of all Prepayment Amounts actually received by the Bank in Proper Funds prior to such time. Immediately upon the actual receipt by the Bank in Proper Funds for deposit in any Bank Collateral Account established pursuant to paragraph 5 of this Section VI of an amount equal to the Prepayment Amount as to a Car, there shall be deemed released from the coverage of this Security Agreement and from the security interest created hereby such Car and insurance proceeds with respect to such Car, but no other Collateral shall be deemed to be released; provided, however, that no Car and no insurance proceeds shall be deemed released unless the Prepayment Amount as to such Car is made pursuant to the requirements of paragraph 7 or 10 of Section III hereof or, if such Car is subject to any loss, theft, damage or destruction and the Borrower is unable to return such Car to service in good condition, pursuant to clause (i) of paragraph 3 of Section V hereof. All amounts to be paid in connection with this Security Agreement shall be made in Proper Funds. As used herein, "Proper Funds" shall mean lawful money of the United States of America which is legal tender in payment of all debts and dues, public and private, or other immediately available funds acceptable to the Bank in its sole discretion. As used herein the term "Minimum Proceeds Amount" for any fiscal year of the Borrower shall mean an amount equal to (a) the aggregate amount

of the payments scheduled to be made during such fiscal year on the 13% Secured Notes ("Aetna Notes") executed by Borrower due 1981-1996 dated December 23, 1980 payable to the order of Aetna Life Insurance Company ("Aetna") plus the amount by which the aggregate amount deposited in all Additional Collateral Accounts is scheduled to increase during such fiscal year as set forth on the Schedule "I" attached hereto ("Schedule") multiplied by (b) 1.1. As used herein the term "Original Cost" as to any Car shall be the amount set forth on Exhibit "A" hereto for such Car.

5. Borrower hereby agrees that all amounts which must, pursuant to this Agreement, be deposited by Borrower in any "Bank Collateral Account" shall be deposited by Borrower in account number 0017299 at the Bank or such other account(s) as may be designated by Bank from time to time. Such account number 0017299, each such other account(s) and all Paragraph 5 Investments (as hereinafter defined) shall each constitute a "Bank Collateral Account" for purposes of this Agreement. Additionally, Bank may, at its option, deposit amounts in a Bank Collateral Account from time to time, as contemplated in this Security Agreement. Borrower shall have absolutely no control over, or rights or powers with respect to, any Bank Collateral Account or any amount at any time deposited therein, except to the limited extent that Borrower may designate investments as hereinafter provided. The Borrower shall have no right to possession of any Bank Collateral Account or any such amount. Without limiting the generality of the foregoing, it is expressly agreed that Borrower shall have no right or power to withdraw or order the withdrawal of any such amount or to sell, alienate, transfer, pledge or otherwise dispose of any Bank Collateral Account or any such amount except to Bank. The Bank may, at its option, from time to time after the occurrence of an Event of Default, apply all or any portion of any such amount to the payment of any or all obligations and indebtedness secured hereby, without notice to Borrower or any other person. Nothing herein shall limit Bank's right of setoff against or any other right Bank may at any time have with respect to any Bank Collateral Account or any such amount. Bank shall use its best efforts prior to the occurrence of an Event of Default to invest from time to time any such amount in such of the following permitted investments ("Paragraph 5 Investments") as may be designated in writing by Borrower to Bank: (i) certificates of deposits and other deposits (including Euro-Dollar deposits) with Bank or other banks organized under the laws of the United States or any state thereof and having a combined capital and surplus

greater than \$50,000,000, and (ii) United States Treasury bills; provided, however, that such investments need be made by Bank only if the Bank at all times has an enforceable and perfected security interest of first priority therein; and, provided further, however, that the Bank need not make any such investment if the final maturity of such investment is later than ninety (90) days following the date such investment is made. After the occurrence of an Event of Default the Bank shall have the right but not the obligation to make such investments. Bank shall have no obligation to obtain the then market interest rate or any other minimum interest rate on any such investment. Except as may be provided in the terms of any Paragraph 5 Investments, no Bank Collateral Account shall bear interest. Borrower hereby transfers and assigns to Bank each Bank Collateral Account and all amounts at any time deposited therein. In the event an amount is deposited in any Bank Collateral Account on account of the total loss of a Car, Bank agrees to release such amount to Borrower to be applied to principal reduction of the Aetna Notes or, with the prior written consent of Bank, to the purchase of a replacement railroad car satisfactory in value to Bank on which the Bank shall have an enforceable and a perfected lien and security interest of first priority; provided, however, that the Bank shall not be obligated to release any such amount to be applied to principal reduction of the Aetna Notes until such time as Borrower shall have obtained from Aetna Life Insurance Company a permanent reduction in the maximum amount payable under the Letter of Credit in an amount equal to the amount so released (which reduction shall be in addition to all other reductions scheduled under the Letter of Credit). Except as set forth in the preceding sentence, the Bank shall not be obligated to release any such amount.

6. Borrower additionally agrees to deposit from time to time in account number 0017361 at the Bank ("Additional Collateral Account") or such other account(s) as may be designated by Bank from time to time amounts sufficient so that at all times the aggregate amount on deposit in all Additional Collateral Accounts equals or exceeds the cumulative balance amount specified for such time on the Schedule. Such account number 0017361, each such other account(s) and all Paragraph 6 Investments (as hereinafter defined) shall each constitute an Additional Collateral Account for purposes of this Agreement. Such deposits shall be made within five (5) days of each date on which such cumulative balance amount exceeds the aggregate amount on deposit in all Additional Collateral Accounts. Borrower shall have

absolutely no control over, or rights or powers with respect to, any Additional Collateral Account or any amount at any time deposited therein, except to the limited extent that Borrower may designate investments as hereinafter provided. Without limiting the generality of the foregoing, it is expressly agreed that Borrower shall have no right or power to withdraw or order the withdrawal of any such amount (except as to the limited right hereinafter provided to withdraw certain Excess Earnings) or to sell, alienate, transfer, pledge or otherwise dispose of any Additional Collateral Account or any such amount except to Aetna to the extent provided herein and to Bank. Aetna shall, in the event of any failure of Borrower to pay any installment of principal and accrued interest on the Aetna Notes on the due date thereof, be entitled on or prior to the Aetna Termination Date, at Aetna's option, to payment out of any Additional Collateral Account of any amount not greater than the amount of the installment of principal and interest on the Aetna Notes then due; provided, however, that Aetna may only exercise Aetna's option to receive payment of a delinquent installment payment of principal and interest out of any Additional Collateral Account on three occasions, no more than two of which may be consecutive. The earlier of the date on which Aetna receives final payment of the final draft drawn under the Letter of Credit or the date on which Aetna receives the third payment of a delinquent payment out of any Additional Collateral Account is referred to herein as the Aetna Termination Date. The Bank may, without notice to Borrower, Aetna or any other person, at its option, from time to time after the occurrence of an Event of Default, apply all or any portion of any amount at any time deposited in any Additional Collateral Account to the payment of any or all obligations and indebtedness secured hereby or may transfer all or any portion of any such amount to any Bank Collateral Account established pursuant to paragraph 5 of this Section VI. Nothing herein shall limit Bank's right of setoff against or any other right Bank may at any time have with respect to any Additional Collateral Account or any such amount or obligate Bank to preserve any Additional Collateral Account or any such amount for the benefit of Aetna or any other person. Borrower hereby transfers and assigns to Aetna and Bank each Additional Collateral Account and all amounts at any time deposited therein. Bank shall use its best efforts prior to the occurrence of an Event of Default to invest from time to time any such amount in such of the following permitted investments ("Paragraph 6 Investments") as may be designated in writing by Borrower to Bank: (i) certificates of deposits and other deposits (including

Euro-Dollar deposits) with Bank or other banks organized under the laws of the United States or any state thereof and having a combined capital and surplus greater than \$50,000,000, and (ii) United States Treasury bills; provided, however, that such investments need be made by Bank only if the Bank at all times has an enforceable and perfected security interest of first priority therein; and, provided further, however, that the Bank need not make any such investment if the final maturity of such investment is later than ninety (90) days following the date such investment is made. After the occurrence of an Event of Default the Bank shall have the right but not the obligation to make such investments. Bank shall have no obligation to obtain the then market interest rate or any other minimum interest rate on any such investment. Except as may be provided in the terms of any Paragraph 6 Investments, no Additional Collateral Account shall bear interest. To the extent that earnings from such investments cause the aggregate amount in all Additional Collateral Accounts to exceed at any time the amount specified for such time on the Schedule ("Excess Earnings"), the Borrower may withdraw such Excess Earnings if no Event of Default has occurred. Except to the limited extent provided herein as to Excess Earnings, the Borrower shall have no right to possession of any Additional Collateral Account or any amount at any time deposited therein.

7. The execution and delivery of this Security Agreement in no manner shall impair or affect any other security (by endorsement or otherwise) for the payment of the indebtedness and obligations secured hereby, and no security taken hereafter as security for payment of any such indebtedness or obligation shall impair in any manner or affect this Security Agreement, all such present and future additional security to be considered as cumulative security.

Executed this 23rd day of December, 1980.

TRUSFIVE INCORPORATED

[SEAL]

By: *Gary L. Forbes*

Gary L. Forbes
Vice President

Address:

P. O. Box 13197
Houston, Texas 77019
Attention: Sam P. Douglass

Copy to:

Nolan Lehman
Equus Corporation International
P. O. Box 13197
Houston, Texas 77019

FIRST CITY NATIONAL BANK OF HOUSTON

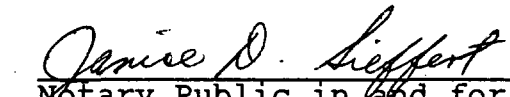
By


Dennis H. Baker

THE STATE OF TEXAS §
§
COUNTY OF HARRIS §

On this 23rd day of December, 1980, before me personally appeared Gary L. Forbes, to me personally known, who being by me duly sworn, says that he is the Vice President of TrusFive Incorporated, that the seal affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

[SEAL]


Notary Public in and for
Harris County, T E X A S

Print Name

My commission expires: _____

JANICE D. SIEFFERT
Notary Public, State of Texas
My Commission Expires September 18, 1984

Exhibit "A"

1. "First Cars":

<u>Number</u>	<u>Type of Car</u>	<u>Serial #'s</u>
10	34,000 gallon, general purpose, pressure tank cars, DOT 105A300W. "Original Cost" per Car: \$65,500	GLNX 34144 GLNX 34145 GLNX 34146 GLNX 34147 GLNX 34148 GLNX 34149 GLNX 34150 GLNX 34151 GLNX 34152 & GLNX 34153
	Minimum all risks insurance for each Car: \$61,000	
2	23,500 gallon, general purpose non-pressure tank cars, DOT 111A100W3, exterior coiled and insulated. "Original Cost" per Car: \$57,087.	GLNX 23113 & GLNX 23114
	Minimum all risks insurance for each Car: \$57,087	
5	4,750 Cubic foot, covered hoppers, type "LO" cars; three compartments; mechanical gates. "Original Cost" per Car: \$46,000.	GLNX 415 GLNX 416 GLNX 417 GLNX 418 & GLNX 419
	Minimum all risks insurance for each Car: \$46,000	

2. "Second Cars":

<u>Number</u>	<u>Type of Car</u>	<u>Serial #'s</u>
30	23,500 gallon, general purpose non-pressure tank cars, DOT 111A100W3, exterior coiled and insulated. "Original Cost" per Car: \$61,000.	GLNX 23184 through GLNX 23193, inclusive; GLNX 23195 through GLNX 23198, inclusive; GLNX 23238 through GLNX 23242, inclusive; GLNX 23245 through GLNX 23248, inclusive; GLNX 23209; GLNX 23215; GLNX 23216; GLNX 23217; GLNX 23221; GLNX 23232; and GLNX 23236

Minimum all risks insurance
for each car: \$61,000

SCHEDULE "I"

TRUSFIVE INCORPORATED

ADDITIONAL COLLATERAL ACCOUNT

<u>Period</u>	<u>Scheduled Increase On First Day of Period</u>	<u>Cumulative Balance During Period</u>
December 18, 1980 through June 30, 1981, inclusive	\$20,051.36	\$ 20,051.36
July 1, 1981 through December 31, 1981, inclusive	\$21,111.17	\$ 41,162.53
January 1, 1982 through June 30, 1982, inclusive	\$22,225.25	\$ 63,387.78
July 1, 1982 through December 31, 1982, inclusive	\$23,396.28	\$ 86,784.06
January 1, 1983 through June 30, 1983, inclusive	\$24,626.98	\$111,411.04
July 1, 1983 through December 31, 1983, inclusive	\$25,920.29	\$137,331.33
January 1, 1984 through June 30, 1984, inclusive	\$27,279.22	\$164,610.55
July 1, 1984 through December 31, 1984, inclusive	\$28,706.91	\$193,317.46
January 1, 1985 through June 30, 1985, inclusive	\$30,206.69	\$223,524.15
July 1, 1985 through December 31, 1985, inclusive	\$31,781.98	\$255,306.13